

**Campaign Finance in the United States, the United Kingdom, and Canada**

Honors Research Thesis

Presented in Partial Fulfillment of the Requirements for graduation  
“with Honors Research Distinction in Political Science” in the undergraduate colleges of The  
Ohio State University

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April 2013

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## **Abstract**

To survive, parties and politicians need a variety of resources to carry out their various functions of administration, voter persuasion, and getting out the vote. A key resource is money. Due to its ability to be transformed into other resources and its growing importance, political finance—specifically campaign finance—has generated a spirited debate within and among democracies. The existent body of literature on campaign finance describes differences between systems, the influence money has on elections and/or governance, and its impact on corruption levels within countries. I propose to add to the existent body of literature on campaign finance by addressing a different question: how does a country's political structure, both formal and informal, contribute to the formation of its campaign finance regime? This study will focus on campaign finance in a portion of the Anglo-Saxon sphere, specifically in the United States, the United Kingdom, and Canada. All three democracies regulate campaign finance but have taken different approaches. I begin with a general comparison of the different campaign finance regimes of each country. Several possible explanations for the differences in the regimes are explored next, broadly divided into influences of the regulatory framework and influences of boundary setting. Influences of the regulatory framework include the type and number of offices being elected and the driving force behind a campaign. Influences of boundary setting are the length of the election season, the size of the electoral district, and the ratio of public and private funds being used. Finally, I examine the implications that these current regimes have on systemic corruption and changes in the democratic deficit within each of the countries. This project suggests that the campaign finance regime operating within a country is a function of the limits in place, primarily determined by that country's political structure.

## Introduction

Political parties need to generate and capture resources to carry out such functions as administrative tasks, persuading voters, and getting out the vote to survive. These resources can be placed into five broad categories: administrative tools, established networks, labor, media, and money. Over time and space the role and importance of these five ‘types’ of resources have changed. Administrative tools simply refer to the physical things a party needs to have and use to operate. Falling into this category are such items as organization space, office supplies, storage, etc. The second, an established network, is used by parties to raise money and garner volunteers. President Barack Obama’s 2012 presidential campaign capitalized on this resource by constructing elaborate ‘neighborhood teams,’ where hired field organizations tapped into the family connections and friendship networks of its volunteers to increase and maintain support. Established networks provide one way to garner people for the third category: labor. Labor consists of the campaign workers who volunteer or are paid to work for parties and/or candidates; these are the people, or resource, who execute the “ground game” either by canvassing neighborhoods, contacting voters, or stuffing letters. The importance of labor, its source (unions, government patronage employees, ideologues, etc.), and use has changed over time and varies among countries. Fourthly, every party and candidate utilizes the media (television, newspapers, radio, the internet, and mailings) to directly contact voters and constituents. With the advent of modern technologies, such as television, computers, and the internet, parties have an increased ability to directly reach constituents and voters. However, advertisements, specifically television advertisements, have significantly increased in price over time. Many countries, including the United Kingdom and Canada, have defrayed the rising cost of media by either subsidizing or providing air time for candidates and parties (La Raja 2008: 1-

16; Pinto-Duschinsky 1981: 1-13; Kommers 2006). Lastly, parties need and use money; it is the liquid resource that can be easily transformed into what's needed. Because of its flexibility and growing importance, political finance has come under greater scrutiny and regulation over time.

Politicians, the media, academics from various fields, and the general citizenry have debated how parties, and candidates, should finance their activities. Proposals and implemented policy have ranged from fully privatized election systems to fully publicly funded elections. In the 2003 report written by the International Institute for Democracy and Electoral Assistance (International IDEA) on political funding throughout the world, researchers asserted that neither a fully privatized nor fully publicly funded electoral system would work well. They concluded that a balance between the two must be struck (Austin, Reginald, and Tjernstrom 2003).

Privatized campaign finance systems are funded not by the government but by private citizens and the private sector more generally. Political campaigns can be considered completely privatized in two ways. First, parties, candidates, or interest groups organize and run the elections from providing the ballots that will be "put in" the ballot box to running the campaigns. Managing, or not managing, elections in this manner was eliminated in most Western democracies in the first half of the nineteenth century when governments drew many of the administrative election tasks under the purview of the state. The United States lagged behind other Western democracies and did not do such until the 1890s with the introduction of the secret ballot (Hershey 2013). The second and more applicable method of private funding in most Western democracies today is that campaign finance and administrative tasks are driven by private donors and parties. The second funding structure is public funding. Full public funding for elections means the full funding of campaigns and electoral administration by the government. Public funding can come in many forms ranging from subsidies to matching funds.

All countries fall somewhere in between the two extremes. Of the three countries to be examined in this study, the United States lies closest to the private financing end of the spectrum. However, presidential candidates can still choose to take public funding to finance their campaigns and many states subsidize local party activities. The United Kingdom lies closest to a publicly funded system, because it currently provides broader sources of public subsidization and resources than either Canada or the United States. However, the government merely subsidizes campaigns and parties; it does not fully fund them. Canada falls between the two.

Mirroring the general discussion of public versus private financing of political campaigns is the discussion of the reasons for or against the different methods. Primary in this debate is the discussion that looks at free speech concerns versus regulations to prevent corruption. The basic free speech argument asserts that by regulating and limiting the flow of money in elections the government infringes upon a citizen's right to free speech. This argument is grounded in the belief that money is a form of speech, as has been colloquially stated in the United States since *Buckley v Valeo* (1976). The United States is unique because its constitution explicitly includes the protection of free speech without a provision on when it can be infringed upon; the US Supreme Court has ruled that many limits and regulations of campaign finance infringe upon free speech. Most judicial systems in other countries either do not have as much power as the US Supreme Court or choose to not interfere to the same extent as the US courts on matters of campaign finance. Opposite in this debate are arguments for regulations, which are seen by their opponents as being "anti-free speech" in discussions of campaign finance. Proponents of regulations assert that they are anti-corruption, not anti-free speech; they believe that an unregulated system leads to corruption (*Buckley v Valeo* 1976; *Citizens United v FEC* 2010; *Harper v Canada (Attorney General)* 2004).

Debates centering on corruption associated with campaign finance generate another focused debate: what corruption provides justification for regulations? Loosely defined, electoral corruption damages or endangers the integrity of the electoral process and potentially corrupts the governing apparatus. This should be prevented in a democratic country because it in turn allows citizens, and other countries, to question the legitimacy of their governments. Damages to the electoral process can be either real or perceived and occur at the individual or institutional levels. This means that campaign finance laws, when written for the purpose of curbing corruption, are designed to prevent different types of corruption. Additionally, for researchers this means that measures of success and need for reform should vary depending on what kind of corruption is being discussed and targeted (Genovese and Myers 2010: 37-64; Drew 1999; *Harper v Canada (Attorney General)* 2004; Ansolabehere 2007).

These discussions revolve around dissecting various aspects of existent campaign finance regimes. Such a discussion would be made richer if the influences acting on the formation of the current regimes were also discussed. A campaign finance regime is the legal framework governing the contributions and expenditures made in an election cycle, the disclosure of both, and the governing body overseeing the election or financial aspect. In order to better understand these discussions, the factors shaping current regimes should be better understood. To identify the potential influences and implications of campaign finance regimes, the current regimes in the United States, the United Kingdom, and Canada will be compared.

### ***The Existent Literature***

Within the existent campaign finance literature there are three main questions that are addressed in two distinct ways: comparative between systems and examining one specific system.

First, researchers ask, “how and why do systems of political finance vary between or within countries?” Articles and books answering this question look at snapshots of political climates and regulations either internationally, intra-nationally, or across different time periods in the same country. International studies typically compare nations within a single region and highlight idiosyncrasies within structurally similar systems such as continental Western Europe. Another common approach is to group countries by region and compare regions while noting internal regional variation. An example of this approach would be a comparison between Western Europe and Latin America. One study that does both is the 2003 report published by the International IDEA. The report groups countries by region, such as continental Western Europe, Africa, the Anglo-Saxon Orbit, etc., and teases out the differences among countries within those groupings. This study looked at nationwide or federal funding for nationwide or federal elections. Similar methods have been applied to the study of the variations among states or other sub-national units in the same country. There is a popular literature that does just this among the US states (Ansolabehere 2007; Hamm and Hogan 2007). This strain may slowly become obsolete depending on the impact of the US Supreme Court’s recent ruling that struck down specific campaign finance regulations in Montana and Arizona. According to Susan E. Scarrow in her article reviewing the existent body of campaign finance literature, generalizations made across countries and an agreed upon terminology are missing from this body of literature (2007).

Second, others broadly ask, “how does political spending influence elections and/or governance?” The literature addressing this question divides into three bodies. One examines how and if spending impacts an election. For example, in American politics this strain has resulted in the conclusion that to win against an incumbent the challenger needs to outspend the incumbent. An addition to this, however, claims that above a certain threshold more money does

not increase the likelihood of a candidate winning (Jacobson 2009: 65-83). Another examines how spending and contributions to campaigns and political parties impact governance once politicians gain office. Included within this strain of work are studies looking at how different groups react and adapt to various landmark reforms to the political financial system. In Robert Boatright's book *Interest Groups and Campaign Finance Reform in the United States and Canada*, Boatright examines how the labor unions, corporations, and various interest groups such as the Sierra Club adapt to and/or fight changes to the campaign finance structure (2011). Raymond La Raja's book *Small Change* also studied this but focused on how parties utilize regulations as a tool to gain dominance over the other party and how factions gain dominance over other factions within their own party (2008). The third strain looks at how finance and spending affect public confidence in the government as a whole, its branches, and public officials. Concerns over the influence of money in politics have led courts in most nations to allow campaign finance regulations to stand without much interference (Kommers 2006; BeVier 1985; Issacharoff 2009). The US Supreme Court appears to be an anomaly in restricting legislative efforts to regulate because it has been extremely active in the realm of campaign finance. It balances assiduously protecting freedom of speech with the recognition that there could be justification for restricting it if it leads to the reality or perception that money is corrupting the democratic process (*Buckley v. Valeo* 1976).

Within this broad question is another: "how do public subsidies impact the political system, including parties, individual politicians, and interest groups?" Similar to the larger umbrella question it can be studied at varying levels ranging from between different areas within a single country to countries grouped into regions or like-country groups. However, this sub-question often narrows to a specific portion of political finance and its impacts. The impact can



be judged by who becomes insulated from different influences, from what they become insulated, and/or effects on party development. Many of these studies have looked towards European countries as the archetypes of publicly subsidized systems (Scarrow 2007; Boatright 2011). Increasingly, the United States can only serve as a model of what happens when there is no public option due to recent trends in presidential campaigns to steer away from public funding and the slow but constant striking down of public finance laws in individual states.

Third is the question of “what is the level of corruption in a country, as it relates to campaign and political finance” otherwise known as a sector of corruption studies. There are two general ‘types’ of corruption that are linked to campaign finance: individual-level, or micro, corruption and systemic, or macro, corruption. The standard definition of individual-level corruption is localized bribery, intimidation, or fraud. In Western Europe and the United States, laws to eliminate this type of corruption began in the late seventeenth century, but they look markedly different from today’s laws. Corruption law, and specifically campaign finance law, as it is known today began in the 1880s in the United Kingdom and the United States. Since the inauguration of these laws, many have concluded that this form of corruption has become exceedingly rare. On the other hand, some are still concerned about the persistence and perception of the existing systemic corruption (Ansolabehere 2007; Stefes 2007). Systemic corruption is defined as the permeation of localized corruption in a system or through the systemized blockage of political equality. Ralph P. Hummel specifically describes how systemic corruption can be identified in the second case as the insistence by the citizenry that “public servants serve their ends with means not only contradictory to those ends but designed to create structures and conditions under which the moral status, psychological integrity, and values system of the citizen are undermined...” (1986, 2) Studies that look at systemic corruption assert

that systemic corruption in the West is equivalent to rent seeking behaviors seen in other countries such as Russia in the 1990s. A sign that this may be occurring is that campaign contributions and expenditures increase faster than the national economy (Ansolabehere 2007; Stefes 2007).

### ***The Layout of this Study***

I propose to add to the existent body of literature on campaign finance by asking a different question: how does a country's political structure, both formal and informal, contribute to the formation of its campaign finance regime? This study will focus on the state of campaign finance in a portion of the Anglo-Saxon sphere, specifically in the United States, the United Kingdom, and Canada. First, the general similarities and differences between the electoral rules will be discussed in order to establish that the electoral mechanisms are generally the same and that the differences may help explain variation in campaign finance regimes. Second, the (remaining) different structural aspects of the countries' electoral systems will be compared to identify what may influence the formation of different campaign finance regimes. The structural differences are divided into two categories: influences on the overall framework and the influences on where either contribution or expenditure limits are set. Finally, I look at implications of the current regimes in terms of systemic corruption and changes in the democratic deficit.

### **The Subjects of This Study**

To determine the influences of varying campaign finance structures, the "most similar systems" approach, outlined by Przeworski and Tenue, is taken. This approach entails holding the greatest number of variables constant so that the number of experimental variables, those being looked at to explain a certain behavior or regime, is minimized. The theory behind this

method is that the variables “held constant” do not determine the behavior or regime being examined, and that the differing variables will explain the varying behaviors or regimes. One typical set of countries examined when using this approach are the Anglo-Saxon countries (Przeworski and Tenue 1970: 31-46). I do just that in this study. I hold the basic electoral system, legal tradition, and culture constant by comparing a portion of the Anglo-Saxon sphere while looking at the remaining variables to explain variation in their campaign finance regimes.

In this study, the United States, the United Kingdom, and Canada are compared while Australia and New Zealand are excluded. The US, UK, and Canada belong to the Anglo-Saxon sphere, which is categorized by its shared legal tradition—the common law tradition—and cultural history (Boatright 2011: 1-21).<sup>1</sup> New Zealand and Australia are also a part of the Anglo-Saxon sphere but have been excluded from this study because they have different electoral systems than the included countries. New Zealand has a mixed electoral system.<sup>2</sup> Australia uses the alternative vote<sup>3</sup> and maintains mandatory voting laws.<sup>4</sup> The three countries in this study use neither a mixed electoral system nor the alternative vote but rather a plurality/majoritarian system for national elections. Additionally, none of the included countries maintain mandatory voting laws at the national level. One last important similarity between the three countries is that all are two party systems.

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<sup>1</sup> Cultural or institutional differences between the three countries could account for variations on the particulars of each electoral system such as specific regulations, the role of campaign finance in an election, and the method of campaigning in each country. For this study, the basic, but potentially challengeable, assumption that all 3 cultures are functionally similar or the same is taken. This position can be defended on two fronts. First, some political scientists point to the common heritage of Canada and the United States as British colonies from which both inherited—to some extent—their institutions and cultural identities (Lipset 1988). . Second, there has not been a study comparing the difference in the philosophical bases of campaign finance in practice and regulations. As a result, for the time being culture can and will be held as a constant (Boatright 2011).

<sup>2</sup> For more information on New Zealand’s electoral system, visit <http://www.elections.org.nz/>.

<sup>3</sup> The alternative vote asks voters to rank candidates in order of preference. If a single candidate does not garner a majority of the vote then the marked second option of all those who voted for the least vote getter are counted. This continues until a single individual has a majority. This system still results in a de facto two party system, but the process is substantially different than that in the US, the UK, and Canada.

<sup>4</sup> For More information on Australia’s electoral system, visit <http://www.aec.gov.au/>.

From this brief overview it can be seen that all three countries share basic electoral similarities. However, there are differences that must be accounted for to better understand the underlying factors of their campaign finance regimes such as the shape of their respective electoral seasons and generation of legal changes to their regimes. To justify comparing these three countries and understand their respective campaign finance structures, their electoral systems and their campaign finance regulations must be described in detail.

### ***The United States***<sup>5</sup>

As the lone presidential system in the Anglo-Saxon sphere, the United States developed different democratic institutions than the UK or Canada, despite their shared common law tradition and culture. The US citizenry elects both the national legislature (Congress) and the executive (the president), whereas only one legislative house is directly elected in either parliamentary system. Additionally, of the three countries only Canada and the US have active national courts and formal constitutions. While all three countries hold subnational elections, they are so different that only the national government and elections will be compared.

**Electoral System** No matter the measure, the US has the longest election season and higher levels of campaign contributions and expenditures than other Anglo-Saxon countries. Additionally, there are more offices that an individual may vote on and run for at the national level.<sup>6</sup> In the US, the different types of national offices are the president, 435 Representatives, and 100 Senators. The entirety of the House of Representatives, standardly the officials with the smallest districts of the three offices, is elected or re-elected every two years; they are subject to the “permanent campaign,” meaning representatives, not simply the parties, in office and

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<sup>5</sup> For more information on the US system, current laws, court cases, and campaign finance information, visit [fec.gov](http://fec.gov), [opensecrets.org](http://opensecrets.org), [supremecourtus.gov](http://supremecourtus.gov), [house.gov](http://house.gov), [senate.gov](http://senate.gov).

<sup>6</sup> In a given election every US citizen votes on two or three federal candidates depending on whether it is a presidential election year and if one of that citizen’s senatorial seats was up for election.

challengers begin campaigning immediately after the previous election has concluded. Senators serve six year terms, but a third of the senate is elected or reelected every two years. Due to their longer term in office, a senator may not be forced to wage a “permanent campaign,” but this varies from state to state depending on the competitiveness of the state and the individual races. The most prominent national election is the presidential election. A president can serve up to two four year terms and is popularly elected by the nation as a whole through the Electoral College, with each state’s electors almost always voting for the state-wide winner. However, the public is mostly unaware of the permanent campaign and instead sees the election season as starting the winter immediately before the November general election with the primaries. These are held at different times depending on when each state’s legislature or Secretary of State’s office sets the date for the primary; this is unlike the general election for congressional, senatorial, and presidential elections, which are nationally mandated to be held on the first Tuesday after the first Monday in November.

As determined by the constitutional requirements for each office, elections for each respective office are held every 2, 4, or 6 years. This is the only way a “mass” or general election may be held --meaning US elections are held on a timetable that can be easily anticipated allowing parties, politicians, and candidates to emphasize campaigning rather than party building. For each of the offices the election goes through two phases. First, candidates must be chosen, usually through a primary, where party candidates compete for their party’s nomination. Second, nominees from their respective parties compete. The candidate with the most votes wins. Although party identification plays a significant role in general elections, campaigns are candidate focused meaning candidates rather than parties raise the bulk of any money donated to their campaigns and that they run their own campaigns. The two parties that

standardly field candidates are the Democratic Party, or center-left party, and the Republican Party, or the center-right party. Additionally the Federal Election Commission, the FEC, oversees campaign finance, and individual states' Secretary of State's offices and local election boards operating under its supervision administer the elections.

During an election, candidates spend money on advertisements, mobilization efforts, mailings, and paid staffers who manage daily campaign functions. Each of the three types of national campaigns generate different levels of spending levels and thus fundraising needs. Of the three types of campaigns, US House candidates standardly raise and spend the least amount of money of any of the offices, US Senate candidates raise and spend more, but presidential candidates raise and spend the most. Here it should be noted that each election impacts the levels of spending of the others. For example, in a presidential election year less money will be spent in Congressional races than in a non-presidential year. This means that there are two different election types—midterm and presidential. Comparisons of the aggregated total spending should be made between different elections of the same type.

**Campaign Finance Regulations** Of the three countries in this study, US candidates, parties, and outside organizations spend the most and are least regulated in their actions. To understand the US' regime, three categories of information must be considered. These are: the process of making and implementing laws and regulations, what the landmark pieces of legislation are, and how the courts have interpreted those laws.

***The Process*** Changes to the campaign finance regime can occur in one of three ways. First, Congress can write and pass new legislation introducing, changing, or removing regulations. Typically, Congress has only exercised this right--in the field of campaign finance--if the Senators and Representatives believe there has been a violation of ethical conduct or the

cost of running has been viewed as exclusionary. The violations could range from trading political favors such as ensuring a law is passed for money to bribing voters to the appearance of corruption of the process. For example, in the 1970s Watergate and associated Nixon scandals, such as the trade of a federal milk subsidy for a pledged \$2 million dollar donation from the Associated Milk Producers Incorporated and the protection of ITT, spurred legislators and the courts to amend and expand the 1971 Federal Campaign Elections Act (Sobel 1974). However, senators and congressmen and women elected under the current system are reluctant to diminish their advantages in the next election by changing the rules. Second, the Federal Elections Commission, FEC, can amend the existing set of regulations within their purview through changes in bureaucratic processes; day to day regulation changes and enforcement are left to the FEC.<sup>7</sup> Third, the Supreme Court, or one of the lower courts, may declare portions of the existent body of legislation unconstitutional and thus invalid.

***Landmark Legislation*** Since 1883 with the passage of the Civil Service Act also known as the Pendleton Act, campaign finance has been regulated to some degree. The inauguration of the modern national campaign finance regime came with the passage of the Federal Election Campaign Act, or FECA, in 1971 and subsequent amendments throughout the 1970s. FECA implemented caps on individual contributions, codified the use of political action committees (PACs), established the FEC, and set up a public funding option for presidential candidates. Also, this law and amendments introduced strict disclosure requirements for contributions over \$200 to PACs and campaigns. For those contributions, PACs and campaigns are obligated to report the full name, address, and occupation of the donor and the amount donated.<sup>8</sup>

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<sup>7</sup> Candidate campaigns, political action committees, and joint fundraising committees all have to register with the FEC. Super PACs register with and disclose their activities to the IRS.

<sup>8</sup> There are ways to obfuscate this either by donating to an organization whose activities do not fall under the purview of the FEC or by a single individual “bundling” contributions from many donors.

Additionally, it attempted to limit the amount a campaign could spend in an election cycle and provided for publicly subsidization of US presidential campaign.<sup>9</sup> More recently, the Bipartisan Campaign Reform Act, or BCRA, was passed in 2002. BCRA outlawed soft money contributions and contribution limits were raised and indexed against inflation. Both of these laws have been challenged in the courts primarily on the basis that they violate the constitutionally guaranteed right to free speech.

***Impact of the Courts*** The courts, specifically the Supreme Court, have taken an active role in regulating and revising campaign finance laws and regulations in the US. In the 1976 case of *Buckley v Valeo*, the Supreme Court established the precedent that money is tantamount to speech in an election and declared attempts to provide equal opportunity for people running in elections to be an invalid justification to pass a campaign finance law. Instead the only legal reason to infringe on free speech during an election is the threat or perception of corruption. In the 1970s no one could say anything less than this in light of the Watergate and associated other scandals. More recently the Supreme Court declared restrictions placed on corporations and unions since 1907 and 1948, respectively, unconstitutional in the 2010 case of *Citizens United v FEC*. The court once again cited arguments of infringement of free speech as the reason for the majority decision; the dissenting judges disputed this. The combination of these decisions, other decisions, and the treatment of current active laws and regulations has resulted in a campaign finance system that resembles the “Wild West.” Only two major restrictions remain. First, a candidate or party cannot openly trade money for favors. Second, contribution limits remain for donations to candidates and parties, but not to independent groups and PACs.

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<sup>9</sup> Historically many states have offered public funding and/or subsidies for state and local campaigns. However in 2011 the Supreme Court handed down a decision that declared public funding as currently set up at the state level violates the first amendment. It violates the first amendments, right to freedom of speech, because many states prohibit private contributions and spending to or for a campaign that has accepted public funding.



Table 1: Relevant US Legislation & Rulings		
Bill or Case	Language	Ramifications
Federal Elections Campaign Act and Amendments (1971, 1974, 1976,1979)	<ul style="list-style-type: none"> <li>enacted contribution limits</li> <li>attempted to enact expenditure limits</li> <li>increased disclosure requirements</li> <li>established the FEC</li> <li>established public funding for presidential elections</li> <li>codified and regulated PACs (originally corporate and union PACs)</li> <li>codified the use of soft money</li> </ul>	Established the modern campaign finance regime by implementing contribution limits and beginning to bring the various types of funding options under the purview of the government (FEC)
Buckley v Valeo (1976)	<ul style="list-style-type: none"> <li>declared expenditure limits unconstitutional</li> <li>established perceived or observed corruption as reason to encroach upon freedom of speech</li> </ul>	Established a precedent of what can and cannot be considered reason to infringe upon freedom of speech and what types of limits are constitutional
Bipartisan Campaign Reform Act of 2003	<ul style="list-style-type: none"> <li>outlawed soft money</li> <li>raised contribution limits and pegged them to inflation rates</li> <li>limitations placed on issue ads run by outside organizations that directly refer to candidates for federal elections</li> </ul>	“Eliminated” soft money and spurred the growth of different funding avenues for campaigns (i.e. bundling and 527s)
Citizen's United v Federal Elections Commission (2010)	<ul style="list-style-type: none"> <li>upheld the <i>Buckley v Valeo</i> ruling that money is speech</li> <li>eliminated remaining limits on corporate and union political broadcasting</li> </ul>	Spurred the growth of SuperPACs

## The United Kingdom<sup>10</sup>

Unlike the US, the United Kingdom maintains a unitary parliamentary system. The UK is still essentially a single country with one major level of government under the control of the

<sup>10</sup> For information on the UK system, visit <http://www.electoralcommission.org.uk/> and <http://www.parliament.uk/>.

Prime Minister and his or her government despite a devolution of some powers, such as control over the National Health Service, and agencies to the individual regions, such as Scotland.

**Electoral System** The UK House of Commons is popularly elected, while its upper House, the House of Lords, is appointed by the Queen and the advice of the Prime Minister. There are 650 districts in the UK that each elect one MP; they are elected simultaneously. As of 2011, with the Fixed Term Parliament Act, a parliamentary election must be held *at least* every five years, but can also be called sooner for one of two reasons. First, if a motion of no confidence is passed by a majority vote in the House of Commons and a new government is not formed within two weeks, then an election must be held. Second, a motion for a general election can be passed by the House of Commons by a two thirds supermajority. Before 2011, there was a third method for calling elections; the Queen could dissolve parliament at the behest of the Prime Minister and call for a new election. In any of these occurrences, parliament is dissolved but the government (i.e., the executive branch) stays in power until a new government is formed after elections to the new parliament.

The campaigning season lasts for four weeks during which parties, rather than candidates, run the campaigns. The government subsidizes media expenditures by providing free television and radio time for political advertisements; campaigns are not allowed to buy additional television or radio air time. Parties rather than candidates spend funds on voter mobilization, paid staffers, and party rallies. Because the election season is only four weeks and the most expensive forms of advertising are paid for by the state, private party expenditures are significantly lower than in the United States. Additionally, the government keeps a roll of all eligible voters. At the polls, citizens vote for one person out of the list of candidates, and whichever candidate earns a plurality of the vote wins the seat.

At the national level, two parties dominate politics in the UK. These are the Labour party which rose to prominence in the 1920s and 1930s, and the Conservative party which has been an actor on the national stage for over a century. Additionally, the Liberal Democrats are a significant third party, but had little to no power either as an opposition party or in government until the most recent UK elections forced a coalition to be formed to garner a majority in the House of Commons. However, the Liberal Democrats as they are today still receive a very small percentage of seats in Parliament. While this may seem to be in violation of Duverger's law, which says that in a first-past-the-post system there will be only two major parties competing against one another, it is not. There are typically never more than two parties seriously competing against each other in any given individual election in a district (Riker 1982). For example in Manchester the Labour party and the Liberal party face off.

During an election parties spend the majority of their money on rallies, get out the vote efforts, and if needed additional mailings. The party is the main “mover and shaker” in organizing campaign efforts. This is in part because the dominance of the party and control of the government rests on how the *party* not the individual fares in the election; if the party loses power then an individual MP's power to actually impact the formation of laws and policy is virtually eliminated. Other expenses are paid for by the government or are actions done by the government such as registering voters and renting/providing meeting space (Austin, Reginald, and Tjernstrom 2003).<sup>11</sup>

**Campaign Finance Regulations** For a century, British campaign finance was regulated by the British Corrupt and Illegal Practices Act of 1883. Then in 1983 the Representation of the People Act was passed, and the People, Parties, Elections and Referendums Act was passed in 2000. These three laws shape current campaign finance regulations in the UK. There are four

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<sup>11</sup> International IDEA 2003 Campaign Finance Book

broad categories regulated in the laws: contributions, expenditures, public fundraising, and outside spending. Each distinguishes between party and candidate funding. Additionally, parties are required to report expenditures and the state of their finances every quarter regardless of whether an election has occurred within that quarter. However, only the identities of individuals donating £50 (\$79) to a candidate campaign, £5000 (\$7898) to the main party, or £1000 (\$1580) to the local branch of a party must be disclosed.<sup>12</sup>

There is no legal cap to individual donations. However, only “permissible persons” may donate more than £50 (\$79) to candidate campaigns or £200 (\$316) to a party. In the Political Parties, Elections, and Referendum Act of 2000, permissible persons are defined as “an individual registered in a UK electoral register (including bequests), a UK registered company... a GB registered political party, a UK registered trade union, a UK registered building society, a UK registered limited liability partnership that carries on business in the UK, a UK registered friendly society, [and] a UK based unincorporated association that carries on business or other activities in the UK.” This leaves out unregistered groups (ex. foreign companies).

Although contributions are unlimited, campaign and election expenditures are capped. Legally there are two distinct periods in the election cycle where campaign finance for candidates is regulated. The first is the long campaign which starts 55 months (approximately 4.5 years) after a new Parliament sits for the first time and lasts until Parliament is dissolved for an election. This limit does not go into effect if an election is called before those 55 months have passed. However, short campaign limits, the second period, are always regulated and the campaign lasts four weeks. The short campaign lasts from the time Parliament is dissolved until the election. The spending limit is higher for the long campaign than the short campaign. Candidates are permitted to spend a maximum of a set amount of money in an election; the

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<sup>12</sup> All amounts are converted into 2012 US dollars based on the PPP exchange rate provided by OECD.

baseline figure for this is £7150(\$11,847). Parties are permitted to spend a set amount per contested race; in 2010 this figure was £30,000 (\$47,490) per contested race. The total amount a party can spend is either the sum of the contested rate limit multiplied by the number of contested races or £810,000 (\$1,279,526). Either way, the party is given more financial power than the individual candidate in his or her own race. Outside groups are also allowed to campaign during the election. These groups must register with the government and are subject to spending limits.

Table 2: Relevant UK Legislation		
Bill	Language	Ramifications
Representation of the People Act 1983	<ul style="list-style-type: none"> <li>Established expenditure limits for the campaign and candidate personal expenses</li> <li>Established disclosure requirements</li> <li>Established advertising subsidies for parties and candidates</li> <li>Established the use of specified public spaces for election meetings</li> <li>Defined corruption</li> </ul>	Established the modern campaign finance regime in the UK by introducing expenditure limits, public subsidies, and disclosure requirements
Political Parties, Elections, and Referendums Act 2000	<ul style="list-style-type: none"> <li>Established expenditure limits for parties</li> <li>Differentiates between different donors and places restrictions based on category</li> <li>Increased disclosure requirements with respect to the statements of accounts, campaign expenditures, and registration</li> </ul>	Increased the amount legally allowed to be spent in an election cycle and strengthened pre-existing law in light of the Formula One Affair
Electoral Administration Act of 2006	<ul style="list-style-type: none"> <li>Extended regulations of the 2000 law to include loans and other borrowings by candidates and parties</li> </ul>	Updated pre-existing law
Political Parties and Elections Act of 2009	<ul style="list-style-type: none"> <li>Increased the threshold for disclosure of contributions</li> <li>Set new candidate expenditure limits</li> </ul>	Reversed some transparency measures taken in previous laws

Additionally, public funding is available in three forms. First, the government provides broadcasting time for campaigns and parties during the official election. Second, the government pays for one mailing for each candidate running in an election. Third, the government makes available public space for candidates and parties to hold meetings during the election.

In the UK the only groups of people who have hitherto had a significant impact on campaign finance regulation are the Prime Minister and his cabinet, who generally draft such legislation, and the majority party in the House of Commons which has the votes to enact the legislation. Yearly limits are set by the Electoral Commission which is an independent government agency whose responsibility it is to oversee and administer elections.

### **Canada<sup>13</sup>**

Canada's governmental system is an adapted form of the British Westminster style democracy. In Canada, a greater number of powers are devolved to individual provinces and the courts have more power than in the UK. However, like the UK, Canada does not popularly elect an executive. Rather the role of the executive is filled by the Prime Minister and his associated government who is elected by a majority in the House of Commons. Additionally, there is a ceremonial head of state who is appointed by the Queen, or the reigning monarch, of England titled the Governor General. The Governor General acts as a substitute for the Queen, but has no significant governing powers. Additionally, the upper house, the Senate, is appointed rather than elected.

**Electoral Systems** At the national level, only MPs in the House of Commons are popularly elected. Like the UK, the Prime Minister is elected by and from the House of

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<sup>13</sup> For further information, visit <http://www.elections.ca/home.aspx> and <http://www.parl.gc.ca/Default.aspx>.

Commons and the Senate is comprised of individuals appointed by the Governor General, the Queen of England's representative in Canada, on the advice of the Prime Minister. Canada is divided into 308 districts or ridings; one MP represents each riding. Elections must be held a minimum of once every five years but can be held much more frequently if the Governor General dissolves parliament at the request of the Prime Minister or a vote of no confidence passes in the House of Commons with a supermajority vote.

The election season must last a minimum of 36 days and no maximum length is set but historically it has lasted an average of 51 days but only an average of 44 days in the past 10 years.<sup>14</sup> To administer and monitor these elections Canada has created an independent organization called Elections Canada, which sets up polling locations, monitors campaign finance, sets limits on expenditures, and sets the date of the next election. Elections Canada registers voters and administers government public subsidies for elections. The government subsidizes up to 60% of any candidate's expenses who garners 10% or more of the vote in a riding, up to 50% of any registered party's expenses who garners 2% or more of the vote in a riding, and 6.5 hours of paid advertising or broadcasting time during the last four weeks of the election for all registered party candidates. The government reimburses the parties and candidates upon the completion of the election. After the period of campaigning, citizens cast their vote for one candidate in each riding; the winner of the plurality of the vote wins the seat.

At the national level two parties dominate politics. Since 2011 they have been the Conservatives and the New Democratic Party. The New Democratic Party unseated the Liberal Party of Canada as the most powerful left-leaning party in the nation. Although two parties tend

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<sup>14</sup> Parliament must meet at least once every twelve months which means that the technical maximum length would be a few days shy of when Parliament had previously been dissolved. The average length was calculated from a table available on the Canadian Parliamentary website ([www.parl.gc.ca/Parlinfo/Compilations/ElectionsAndRidings/LengthCampaigns.aspx](http://www.parl.gc.ca/Parlinfo/Compilations/ElectionsAndRidings/LengthCampaigns.aspx)).

to dominate, there are many parties elected to the Canadian Parliament. Like in the United Kingdom only two parties tend to compete effectively in a single district. For example, in Quebec these would be the Parti Quebecois and the Quebec Liberal Party, while in Alberta these would be the Progressive Conservatives and the Wildrose Alliance Party.

**Campaign Finance Regulations** There are two dominant laws governing Canadian elections and campaign finance. The first is the Canadian Elections Act, CEA, of 1974, which was amended in 2004. The second law passed, also in 1974, is the Election Expense Act. These two laws have implemented spending limits on parties and campaigns, instituted contribution limits, and increased disclosure requirements. Additionally, tax credits for contributions were put in place to encourage individual rather than corporate donations and public subsidies were established.

To limit outside expenditures in elections, groups that spend \$500 (\$500) dollars or more on advertising in an election must register as a party. To provide some perspective on what a similar law in the US would mean, unions, corporations, and individuals such as the Koch brothers would have to register in the US as their own parties. Another limiting factor on outside groups influencing elections is that corporations and unions are banned from making direct contributions to campaigns. This differs from the UK and the US. In the UK, direct contributions are allowed, and in the US there are a plethora of avenues for corporations to donate and spend money beyond the party or candidate campaigns, especially since Citizens United.<sup>15</sup>

In Canada, only two bodies set and monitor campaign finance laws and regulations. The first body that generates or changes campaign finance law is Parliament, specifically the House of Commons. The second body is Elections Canada, which is an independent government

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<sup>15</sup> In Canada, corporations and unions are allowed to contribute to and found PACs, but these organizations only raise and spend a fraction of their American counterparts.



Table 3: Relevant Canadian Legislation & Court Rulings		
Bills & Rulings	Language	Ramifications
Election Expenses Act (1974)	<ul style="list-style-type: none"> <li>Established candidate and outside group expenditure limits</li> <li>Increased disclosure requirements</li> <li>Created incentives for individuals to donate to campaigns</li> </ul>	Put in place the modern Canadian campaign finance regime and introduced the first political finance limits into the system
Libman v Quebec (1997)	<ul style="list-style-type: none"> <li>Struck down portions of the 1989 <i>Election Act</i></li> <li>Indicated that limits established to ensure a more fair campaign would be acceptable</li> </ul>	“...indicated...the Supreme Court would accept limitations on advertising expenditures, setting up the CEA’s eventual passage.” (Boatright 2011: 75)
Canada Elections Act (2000, 2003, 2007)	<ul style="list-style-type: none"> <li>Established contribution limits</li> <li>Established a public funding system</li> </ul>	Limited contributions and implemented a public funding scheme in an attempt to make the system “more fair”
Harper v Attorney General (2004)	<ul style="list-style-type: none"> <li>Declared expenditure limits a violation the freedom of expression guarantee</li> <li>Ruled infringement justifiable under the balancing rights provision and upheld the limitations</li> </ul>	Ensured expenditure limits would remain in place
Accountability Act (2007)	<ul style="list-style-type: none"> <li>Outlawed contributions by unions or corporations</li> <li>Indexed individual contribution limits to inflation</li> <li>Established limits on contributions to leadership races</li> </ul>	Reinforced existent regulations

organization that administers and monitors elections as well as enforces established laws and regulations. Although there is an active court system in Canada, the courts have given wider discretion to the will of parliament as expressed by passed legislation than in the US. This is due to a provision in the Canadian constitution that allows the government to infringe on the rights of its citizens in specific sets of instances when balanced against potential or existent corruption.

## The Comparison

The broad similarities between these three systems allow for a comparison of campaign finance structures between the countries while holding the basic electoral system constant. At the national level every seat in each country is filled by use of the first past the post system, which means that only one person is elected per district and that person wins by receiving a plurality of the vote. Additionally, each country has two dominant parties competing against each other on the national stage—one of which falls left of center and the other of which falls right of center on the left-right continuum of party ideology. Even when more parties exist either at the national or sub-national level only two parties are competitive in a given district. What does vary between countries is the number and caliber of offices in competition, the focus of or drive behind campaigns, and the length of the elections season, the size of the various districts in both population represented and land mass, the ratio of public to private funds. The same *basic* electoral forces are at work, which allows those to be held constant, while other factors differ; those factors are examined to identify how similar electoral structures can produce such different campaign finance regimes. This can be done in a myriad of ways but will be specifically done by comparing increases and decreases in allowed and real contributions and spending between (like) elections and comparison to each country's GDP.

By 'like elections,' I mean that when considering contributions and expenditures, not just what regulations allows in each instance, a division will be made in the US between totals in a presidential election cycle and a midterm election cycle. This needs to be done because the presidential election cycle, including contributions and expenditures in the presidential, senatorial, and congressional election, generates between 50% and 90% more campaign spending than the total amount spent in midterm election cycles. This is different than in either

the UK or Canada because the national governments in those countries are elected together; the entire parliament is (re)elected at the same time and a new government is formed from that parliament. There are three different types of elections in the UK that nationally occur in the UK; these are general elections, devolved elections, and European Parliamentary elections. However, only the UK general election will be discussed in this paper because it is the only body that represents the interests of the UK domestically as a whole. In Canada, the closest to a midterm election or an off cycle election to elect replacement MP that occurs is the occasional by-election. However, Canadian by-elections are only held for seats where the individual originally elected must step down and his or her term has not expired. This means that a total of four election types will be discussed: the US presidential election cycles (including both congressional and the presidential election), the US midterm election cycles, the UK general election, and the Canadian general election.

### **Regulatory Framework**

The five identified influences differentiating and potentially shaping the campaign finance regimes in the United States, the United Kingdom, and Canada can be broken into two broad categories: influences on the construction of the regulatory framework and influences on setting controls on spending and contributions. Influences on the overall regulatory framework shape the overall structure of the regime. They are the type and number of elected offices and the focal point (or central actor) of an election. Within the structure of the regime are specific limitations concerning how much can be spent or how much can be contributed. These regulations have occupied a special place in many regimes either because they have been challenged in the courts or been viewed as one of the best lines of defense against corruption. The limit or boundary setting influences are the length and predictability of the elections, size of

electoral districts, and the ratio of private to public funds used in an election. Limits in each campaign finance regime are set for different actors and regulate different actions. To introduce and then examine the soundness of various assumptions about potential influence, each factor will be examined within the context of the manifest structural realities in each system. First, the regulatory framework and associated influences will be examined. Then the limiting influences will be examined.

### ***Types & Number of Offices Being Elected***

Citizens elect many officials into office for varying levels of government. At the national level, the common office that is directly elected across democracies is the lower house of the legislature. Less frequently, the upper legislative house and executive are elected by the people. For campaign finance, this means that the number and type of concurrently elected offices must be taken into consideration when writing regulations. Intuitively one would expect the campaign finance regime to reflect the regulatory pattern already established in this respect. For example, in countries where congressional and presidential elections occur simultaneously the regulatory framework should provide specifics on conduct for each type of election *and* dictate inter-election conduct. Systems of this type should see more money raised and spent than systems with only one elected body, because a greater number of races are being run at the same time. On the other hand, countries with only one election occurring in a district only require regulations to govern actions in that election.

These intuitions are supported empirically. Regulations can be broadly grouped into two sets: horizontal and vertical. Horizontal regulations govern the series of elections held concerning the same governing body (ex. House of Representatives in the US) and elections for a single office. These regulations span from the nomination process to the general election to the

leadership races. One example of this can be seen in the Canada Elections Act where there are separate sections of the law that specifically addresses what should procedurally happen at each step of the process and who can contribute and spend money at each step. All three countries' laws contain this type of regulation.

While the UK, Canada, and the US all have horizontal regulations, only the US' laws contain vertical regulations. Vertical regulations govern interactions between concurrent elections for different offices. For example, in the United States, the vertical tiers would be congressional, senatorial, and presidential elections and the interactions allowed or forbidden between those campaigns; they determine what types of coordinated campaigns can occur. A byproduct of these regulations is the existence of the coordinated campaign and a higher overall bill at the end of the election because despite all campaigning in a single district each individual campaign needs to act for itself.

### ***Focal Point of the Campaign***

One drastic difference between the three countries is the power distribution existing between parties, candidates, individuals, and outside organizations. The power distribution among actors in a campaign can be described by identifying the focal point of a campaign. The focal point is the central actor in the campaign who garners the greatest attention and has the greatest ability to influence the execution of the campaign. Across countries the two standard focal points are the party and the candidate. A third focal point may be interest groups or outside organizations.

Theoretically this is an important distinction because whoever is the functional center of the campaign will influence regulations surrounding elections, the flow of money an election, the focus of transparency efforts, and the likelihood of non-establishment candidates being elected to

office. For example, in a country with a first-past-the-post electoral system where parties are the center of the campaign regulations, regulatory agencies may place greater restrictions on the movements of individual candidates and minimize the ability of outside organizations to effect the election. The system might also emphasize the transparency of party spending and fundraising. Additionally, whoever the focal point of a campaign is may impact the responsiveness of elected officials to their constituents. On this front, party centered systems may degrade the responsiveness because the candidate's power is diminished. Before further discussing the ramifications of the focal point, the locus of the campaign must be identified.

**Identifying the Focal Point** In both Canada and the United Kingdom (beginning in the 1880s during what Pinto-Duschinsky calls the Plutocratic Era), the party, not the individual candidates or politicians, drives the campaign, including their candidates' campaigns. This is most likely a byproduct of the fact that both of these countries are parliamentary—not presidential—systems where a majority of the parliament, usually a single majority party, elects the PM and his or her government. The PM and his or her government (practically) run the country as they see fit, with little movement for individual politicians. The opposition party or parties can only highlight the majority's perceived missteps and questionable policies—effectively positioning themselves for the next election. If a politician is a member of the opposition party, he or she can do almost nothing. Additionally, interest groups have gained less of a foothold. While this is a plausible explanation of the saliency of the party in a parliamentary system, it does not entirely explain why the party, and not the individual candidate, directs the elections. Parties used to dominate elections in the United States, a presidential system, as well.

Parties dominated US elections from the 1830s to the 1890s, the Golden Age for party organizations; however, today the power and role of the party has been significantly scaled back

and been replaced in campaigns by individual candidates. During the Golden Age of the parties, loyalties of the average member and the candidates were to the party. It was the party that would get them elected; it was the party that provided their supporters with necessary services; and it was the party that provided members with jobs. By the 1890s and early 1900s, some activists, namely the progressives, began to be driven by the desire to limit the influence of parties on politics (Hershey 2013). The progressives were successful in passing a number of pieces of legislation that limited the power of the parties, which began a devolution of power to the candidates and individual politicians that has lasted until the 1990s. During this time, outside groups have also increased their presence in elections through individual and outside expenditures. In attempts to counteract this devolution, party leaders have looked for different ways to regain control—and they have taken back some of their former power. One way they did this was through the use of and proliferation of “new” campaign finance techniques (i.e. soft money and leadership PACs). However, the complete dominance of the parties has not yet been reestablished and will continue to be challenged by the already existing structure.

Evidence of this can be seen in the rise and survival of the Tea Party—a relatively new group of issue activists and a new caucus in the House. The Tea Party came into existence shortly after President Barack Obama took office in 2009, apparently as a reactionary measure to a unified democratic government in a time of great uncertainty. Despite expectations that it would be a short lived movement that would devolve into call lists of potential activists upon the election of a Republican House, the Tea Party remains an active political movement. Many local organizations continue to meet, discuss issues, and track issues at all levels of government. The espoused goal of many of these local organizations is to keep their Republican representatives and the party purely conservative in their rhetoric, legislation, and company. However, the Tea

Party does not have a national, or often even a single statewide, organization(s). It is a conglomeration of independent grass roots groups, interest groups, a caucus in the House, and attempts to use their people-power by the established party; every level of this has been spurred on by the media (most notably Fox) (Skocpol and Williamson 2012).

Despite its fractious nature, some generalizations can still be made. First, most Tea partiers either have worked on campaigns/in politics before or have been community organizers. Second, although most vote Republican and some may have worked with the Republican party before, Tea Partiers are not establishment Republicans. Third, they will actively fight against (establishment) Republicans if they believe the current candidates, politicians, and/or party structure are not holding true to conservative values. For the Republican party, this has already presented problems; Tea party candidates have beaten or threaten to challenge established candidates in the primary. One tangible result of this is a perceptible shift to the right by the Republican members of Congress (Skocpol and Williamson 2012).

Among the United States, the United Kingdom, and Canada, party strength relative to individual candidate strength varies. Parties remain the dominant actor in elections in both Canada and the United Kingdom. In the United States, this is reversed. Despite a rise in the power and influence of the parties, the candidate still controls and drives his or her own campaign. The weakness of the parties is continually highlighted in American politics by the strength of the Tea Party movement, which now has representation in Congress, and the failures of Congressional leadership to deliver a unified party vote on some important pieces of legislation. This relationship between the party and the candidate/individual seems to have important results for the codification and formation of each country's campaign finance regimes; the regulations mirror party/candidate dominance relations.



**The Focal Point and Finance** Whichever entity is the focal point of the election season will influence where the money flows in an election and what financial regulations are placed on parties and candidates during the campaign. Structurally a bias can be observed for either party-centered or candidate-centered campaigns by noting what contribution options are available to citizens, what spending options are available to parties and candidates, and who else is allowed to campaign during the election season.

Theoretically, there should be an observed difference in codified regulations between systems that are candidate focused and those that are party focused. Party focused campaigns should have fewer restrictions placed on the party than the candidate, greater funding and spending possibilities for the parties, and a minimal ability for outside organizations to influence the election. On the opposite end, an idealized candidate focused campaign has greater restrictions placed on the party than the candidate, more funding and spending avenues for candidates, and the ability for outside organizations to spend money on electioneering and contribute to various candidates. A more realistic picture of candidate focused campaigns is that the power of the party is simply augmented by similar restrictions placed on both parties and candidates and few to no restrictions on outside group spending. This picture sees the power of the party diminished by increasing the flexibility of actions of the candidates and outside groups and individuals. The regulations in Canada, the US, and the UK do seem to indicate the validity of these assumptions as seen in the overview in table 4. However, they also indicate that their laws and location of the focal point is more influenced than this simplistic assumption. An additional wrinkle, important to the US but almost irrelevant to the US or UK, is the possibility of unregulated independent spending and/or regulations applying only to parties or candidates. If

outside groups are unregulated while parties and candidates are heavily regulated, then this may give rise to a third potential system; an interest group centered system.

In the United States, campaigns are candidate centered and driven; however there is an increasingly strong party apparatus behind the elections. Citizens can contribute to a myriad of groups that participate in campaigning that represent candidates, issues (such as the National Rifle Association Institute for Legislative Action), and parties. Additionally, they are not limited to donating by their declared party affiliation and many fundraising activities occur outside of the direct purview of the party (for example leadership PACs, bundling, and joint fundraising committees). Direct party contributions to candidate campaigns are limited, while PACs and independent candidate committees can contribute competitive sums of money to individual candidates and spend money on electioneering on their own. Parties, candidates, and issues groups can run advertisements, distribute literature, and campaign. Financially this means that candidates are at least as powerful as, if not more powerful than, the party in the United States. However, with the popularization of leadership PACs in the 1990s and the development of Congressional campaign committees, the parties have made a resurgence in the US. These groups do not exist in the UK or Canada and may in fact emphasize the relative weakness of the party in the US, because in the US parties need to form subsidiary groups to regain some control. This is drastically different from either Canada or the United Kingdom where the central party command has a relatively strong grip on party members.

In the United Kingdom, parties, not individual candidates, drive the campaigns. This reality is reflected in the regulations governing the campaign finance regime. First, outside organizations are limited in the amount they can spend. In the 2010 UK Parliamentary general election, outside groups, also referred to as third parties where the parties and candidates would

Table 4: What the actors can do

In...	Citizens can contribute to...	Parties can...	Candidates can...	Outside organizations & Independent Groups can...
<b>United States</b>	Limited contributions to candidate committees, parties, PACs, Joint Fundraising Committees, SuperPACs, etc. and unlimited contributions to independent groups	Unlimited expenditures on television advertisements, send literature, and contact voters but cannot be claimed to be endorsed by a candidate; limited contributions to state/local parties and make limited donations to candidates	Unlimited expenditures on television advertisements, send literature, and contact voters; limited contributions to both other candidates' campaigns and the party	run television advertisements, send literature, contact voters (the rules vary on how and if a group can explicitly endorse a candidate), and contribute limited amounts to both other candidates' campaigns and the party. Can spend unlimited amounts of money supporting or opposing candidate as long as operating independently.
<b>United Kingdom</b>	Unlimited contributions to parties and candidates	Limited expenditures (spend a maximum of £30,000 (\$47,3905) per constituency contested) on advertising, unsolicited materials sent to electors, some types of transport, public meetings, staff costs, accommodation, and administrative costs	Limited expenditures (£25,000 (\$38,629) (+constituent allowance) during the long campaign and £7500 (\$11,847.46) (+constituent allowance) during the short campaign) on advertising, unsolicited materials sent to electors, some types of transport, public meetings, staff costs, accommodation, and administrative costs	Limited expenditures (£500 (\$789.83) per race) and must register with the Electoral Commission if they plan to spend or do spend over £10,000 (\$15,797
<b>Canada</b>	Limited contributions to registered parties, leadership contestants, & candidates	Limited expenditures, dependent on the size of the districts their candidates are running in, on the promotion of their candidate and unlimited donations to candidates	Limited expenditures, dependent on the number of registered electors and geographic size of the district, on the promotion of their campaigns	Limited expenditures (a total of \$197,100 (\$197,160) or \$3,942 (\$3945) in a single district) on advertising

The information for this table was taken from Elections Canada, FEC, opensecrets.org, and from the UK Electoral Commission.

be referred to as the first and second parties, could spend a maximum of £500 (\$790) per race. When compared to the United States where such groups could spend anywhere from \$2600 (\$3816) to an unlimited amount (depending on what type of organization is “donating” or spending the money), this is a small amount. This means that the overall campaign is dependent on two, not three, categories of actors: the candidate and the party. Second, although the parties can spend less on a single race than individual candidates, they can allocate their funds in such a way as to spend more in contested races and funnel donors to their candidates. Additionally, because campaign spending is relegated to the 4 weeks plus a potential additional 4 to 5 months the party has greater flexibility to keep a small year round staff.

Like in the UK, Canadian campaigns center on the party, not the candidate. Expenditure caps are placed on third party and outside group participants that are comparatively low compared to the US. where such caps either do not exist or are higher because such spending is considered an in kind contribution to a campaign and is factored into the overall contribution limit. Additionally, the cap for expenditures in a single district on advertising by an outside organization is lower than the cap for either candidates or parties. In Canada, the maximum amount a candidate and a party can spend in an election can vary widely between contests and how many/which contests the party runs candidates in because the maximum allowed is determined by the number of registered voters in a riding, which do not have to be of equal geographic size or population. For example in 2006, the limits on candidate campaign expenditures ranged from approximately \$62,000 (\$47,990) to \$106,000 (\$82,048). In any single race, a candidate can spend more than the party; however, the party’s allotment that can be spent in an election is determined by the total number of registered voters (electors) in all the districts

in which their candidates run multiplied by \$0.70.<sup>16</sup> This sum can be allocated as the parties see fit. Additionally, transfers of funds or goods from the party to the candidate or the candidate to the party are not listed as either donations or expenditures. For the party-candidate power balance, the compilation of these regulations means: outside organizations are limited in their influence and would do better to either contribute to a party or start a new party; and candidates often become dependent on party funds to bankroll their campaigns because parties can transfer and reallocate funds in accordance to need.

Structurally, another way to identify the focal point is to look at who the electoral commissions and outside organizations identify as the important actors and focus transparency efforts on. The easiest way to do this is to look at the various election commissions and how they present, or do not present, data on campaign finance. All three nations have clearly analyzed and cleanly presented analysis of party spending and fundraising in their most recent general elections. The depth of analysis varies from simply breaking out how much a party spent in the election to a breakdown of how much was spent on different kinds of expenses (e.g., advertising, fundraising events, etc.). However, only the US attempts to present such statistics based on the contest and candidate for federal races. The FEC translates their raw data into graphs showing the bare bones of campaign spending and contributions on a race by race basis. Greater detail is given in the description of the presidential election, but information for every federal race run (including Congressional and Senatorial races) is presented. Additionally, only the US has multiple watchdog organizations that download and translate the raw data available from the FEC, the US electoral commission, to further promote transparency of individual donors and expenditures by candidates. By simply looking through these websites, an institutional bias for party or candidate can be observed where party-centered campaign systems attempt to shed

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<sup>16</sup> 2007 Canadian dollars and is adjusted each election cycle for inflation in accordance to the CPI

greater light on party activity while the candidate-centered campaign system attempts to shed light on both party activity and candidate activity.

The United States, the United Kingdom, and Canada have each set up different regulations influenced by the conscious or unconscious decision to preserve a candidate centered or party centered electoral system. There are four entities affected by these regulations: citizens, candidates, parties, and outside organizations. In both party centered systems, outside organizations are severely limited in the amount they are allowed to spend per race in an election and the amount they can spend overall. Additionally, in these countries there are significantly fewer types of groups that constituents may contribute to, which forces them to donate to either candidates or parties rather than outside organizations or a plethora of leadership PACs. In the candidate centered system, the amount parties can contribute to candidates is limited, while in party centered systems it is not. This is significant because if parties cannot directly contribute unlimitedly then candidates have less of an incentive to directly tow the party line. Additionally, this may be the case because the greater control over contributions and ability the party has to control funds, the more individual candidates are beholden to the party for financial assistance. By limiting the amount a party may contribute, the influence the party may use is lessened. Also, by not limiting outside organizations, the number of possible groups an individual can contribute to increases which in turn may decrease the likelihood that an individual donates to a party.

**The Focal Point and the Operation of Democracy** The driving force behind the campaign has ramifications for the operation of democracy in these countries. Namely it impacts the responsiveness levels of individual politicians to the desires and needs of their constituents and alters how constituents make their voices heard at the polls. This manifests itself in two ways. First, it influences what group(s) politicians must rely on for their power. All politicians in

a democracy rely on both their party and their constituents for power and the ability to achieve office; additionally some if not all must work with outside interest groups. However, the balance among those pulls could impact individual loyalties and to whom the politician is primarily responsive. Second, it influences how citizens can impact the responsiveness of their politicians by necessitating constituents vote for a candidate from a different party to take office rather than choosing a different member of the same party to run.

In party centered systems, individual politicians, while elected by their constituents, rely on the party, be it the constituency or local party or the national party, for their nomination to run for office. As a result, politicians may not be capable of responding quickly adapting to the demands of their constituents or acquiescing to their demands if what the party wants and what their constituents want are opposed. The ramification of this at the polls may then be the voting in of “new” or outside parties to power, because the existing parties cannot adapt quickly enough. The tendency has been for different parties to rise up in party centered systems like Canada and the U.K, instead of party realignments as might happen in a candidate centered systems In Canada, the NDP has recently overtaken the Liberal Party as the major left wing party. In the United Kingdom, this trend can be seen over the life span of their three major parties today. The Liberals and Conservatives rose to prominence during the Aristocratic era but became powerful as a party—not a group of individuals—in the 1890s. However, with the introduction of universal manhood (and womanhood) suffrage neither existing party was willing to realign themselves to broaden its base. As a result, the Labour party came onto the political scene in the 1920s and became one of the two major parties during World War II (Pinto-Duschinsky 1981). A similar process occurred with the growth of Republican and Democratic parties in the US. This may seem to overthrow this observation, but upon the introduction and

growth of the parties in the US campaigns were party centered—not candidate centered as they are today. The United States’ system has changed overtime.

In candidate centered systems, politicians and their constituents have greater control over who a party’s nominee for that office is. As a result, politicians must respond to the idiosyncrasies in their districts, not just tow the party line, because the people have greater input throughout the electoral process. In some systems, such as the United States, the people officially nominate the party members who will run in the general election in a primary. This means that a member of the same party who currently holds the seat for a given district could be voted out before the general election and replaced by a different member of their own party. Citizens can make their voices heard on the variation of views within a party and can demand politicians tailor their rhetoric and politics to their specific area; those who do not do this can be voted out. While the two major parties may control the government or parts of the government at different points, parties realign to accommodate new groups and factions in the electorate instead of allowing an outside or third party to gain momentum. This has been seen in the United States; the “definitions” of and coalitions comprising the Democratic and Republican parties change over time. For example, take the evolution of party politics in the Southern United States, which can be more specifically defined as the 11 states that seceded from the Union in the Civil War. In the late 19<sup>th</sup> and for most of the 20<sup>th</sup> century the South was a solidly Democratic area. By the mid-20<sup>th</sup> century, many southerners became known as the blue, or yellow, dog Democrats, but still voted members of the Democratic Party into power as long as the Democrats did not raise the issue of racial equality or segregation. Once the Democrats did challenge institutional segregation nationally, but targeted at the South, the South slowly became a Republican stalwart. Today the highest concentration of Tea Party groups are in the South. The parties have



responded through the adaptation of their individual members to the concerns of their particular constituents in these areas.

The focal point and driver of elections impacts the overall operation of democracy and specifically the campaign finance regimes in countries. While not mandated explicitly by law, they have evolved simultaneously—but not always harmoniously—with regulatory legislation in these countries. Whether the party or the candidate is the center and focus of the campaign influences who is placed under greater restrictions and the influence afforded to outside groups; it affects and is a product of the structure of the regulations and campaign. As a result, how parties and candidates respond to changing demographics and new issue groups varies depending on the power dynamic between the party and individual politician. However, the focal point is not the only structural determining factor as to how a campaign finance regime is structured.

### *Summary*

In combination, the type of election and driving force behind a campaign erect the basic framework any other regulation must work within. Specifically, for the formation of a campaign finance regime countries must discern between horizontal and vertical regulations for candidates, parties, individuals, and outside organizations. Within those regulations, the focal point of action at each point is centered around and filtered through the lens of who the driving force behind a campaign is. For the United Kingdom this means that there is a legal differentiation between the nominating process, general election, and leadership contests with a bias towards parties being the strongest actor at any point in the process. The same can be said of Canada. In both systems, the movements of outside organizations are limited, and candidates have some flexibility while parties have the greatest flexibility in the allocation of their resources—most notably money. Conversely for the United States at the federal level there is a legal differentiation between the

nominating process, general election, and the different races with a bias towards individual candidates being at least as strong as the party in driving a campaign. Additionally, outside groups in the US have greater latitude in their actions in during a campaign. Legally this can be seen through comparable regulations being placed on both candidates and parties, and outside organizations are allowed a wide range of motion from being heavily regulated to having few limits placed upon them.

### **Setting Boundaries**

Within the general framework, campaign finance regimes are centered on setting boundaries by restricting the actions of various actors in the campaign to raise and spend money. Whose action is bounded and to what extent he or she is bounded is broadly determined by the inclusion of a right to freedom of speech in a written constitution and the level of political activism of federal judges. Notably the three major boundaries that have been tested in court cases have been expenditure limits, contribution limits, and public funding. In the United States, where the constitution guarantees the protection of freedom of speech and the Supreme Court, whose role includes the functions of a constitutional court, is relatively politically active, limits on campaign expenditures by individual candidate committees and outside independent groups (where the name of the candidate the group is supporting is not mentioned) or individuals have been deemed unconstitutional while limits on individual contributions to candidates, parties, and some PACs have been categorized as a justified limit on free speech. The precedent for this was set in *Buckley v Valeo* where the majority decision cited fears of corruption—be it actual or perceived—as a valid reason to curtail free speech. More recently, the Supreme Court struck down Arizona’s system of public funding as unconstitutional citing a violation of free speech and legalized unlimited spending by certain outside organizations in elections (*Arizona Free*

*Enterprise Club PAC v Bennett 2011*). Other cases challenging the limits on free speech by campaign finance regulations are making their way to the US Supreme Court.

Like the United States, Canada also has a federal court akin to a constitutional court, but it is not nearly as active in the realm of campaign finance and electoral regulations as the US Supreme Court. Additionally, while the Canadian constitution includes protection of freedom of speech for its citizens like the US, the *Canadian Charter of Rights and Freedoms* also includes a balancing rights provision. The balancing rights provision allows the government to override a constitutionally protected right if and only if the objective is “of sufficient importance” and the method to achieve the objective is rational. As a result, in *Harper v Canada (2004)* the Canadian Supreme Court did not strike down limits on outside spending in elections although it did recognize such limits violate the constitutionally guaranteed right of free speech. Unlike either the US or Canada, the UK has not had an active federal court system until recently. This means that the governments in both the UK and Canada have greater latitude in setting boundaries on campaign finance than in the United States.

For boundary setting within their campaign finance regimes, this means that: the United States is restricted to the use of limits on contributions; the United Kingdom has no such restrictive force but only utilizes campaign expenditure limits; and Canada uses both despite having a potentially restrictive force. To understand the influences affecting those limits and boundaries on what money converted into another type of resource, the size of the electoral district, the length of the election season, and the ratio of public to private funds used in an election must be examined.

### *Size of the (Various) Districts*

The size of an official's district is a direct byproduct of how many representatives each country designed to have in their lower house given its population and how districts are required to be drawn. District or constituency size can be quantified in one of two ways: by population or by geographical size. Across and within the three countries, the size of different districts, ridings, and constituencies varies. They have districts that range from geographically small with relatively few constituents to physically large with many people contained within their bounds. For campaign finance, the size of the districts presents a logistical challenge to contact voters and constituents that must be faced by parties, candidates, and regulatory bodies. Thus it appears logical that in a larger district more money, or other resources, must be devoted to and in a smaller a district less money, or other resources, must be expended in an election. In the US, where TV advertising consumes the bulk of campaign expenditures, these figures are also dependent on how expensive a given media market is.

Candidate expenditure limits in the United Kingdom and Canada follow this logic. As of 2009, the British candidate expenditure limit is calculated by first multiplying the number of electors (registered constituents) by either 5p for a borough/burgh or 7p for a county and adding that sum to a baseline figure of £25,000 (\$38,629) in the long campaign and £7500 (\$11,847) in the short campaign. Borough districts standardly have higher population densities than county districts; this means that the geographically larger districts have a slightly higher per constituent rate to compensate for the greater dispersion of the constituents. In 2010, districts ranged in size from approximately 55,000 electors to 110,000 electors (UK Electoral Commission).

In Canada, a similar but more complex system has been developed. The party expense limit is \$0.70 multiplied by the number of electors in every district that the party is running a

candidate. The maximum expense limit for candidates takes into account both population size and geographic size of the districts. First, a maximum is calculated by the number of electors in the district: “(a) \$2.07 for each of the first 15,000 electors; (b) \$1.04 for each of the next 10,000 electors; and (c) \$0.52 for each of the remaining electors.”(Canada Elections Act, 440) Then if the district contains less than 10 electors per square kilometer an additional sum is added to the maximum. Canada also does not require each district to have an approximately equal number of electors, which are classified as qualified voters in the UK and Canada, and in fact requires some districts to have fewer than the average (Elections Canada). With the construction of scaled expenditure limits, both countries seemingly recognize the basic logic that the more people and the more space a district contains, then the more money that is needed to run an effective campaign. In the UK this may change because there have been proposals to redraw constituency boundaries with respect not to the traditional county and borough lines but with respect to population numbers. If this happens, then the expenditure limits for candidates in differing districts should be more equal than they currently are. In contrast to this, House districts in the US contain equal numbers of constituents except for where the Constitution guarantees at least one House seat despite the state not having 1/435<sup>th</sup> of the population.

This logic can also be examined by looking at the average spent per elector in each country by the driving actors or focal point of the campaign. The most amount of money was spent per voter in the US, where the greatest number of votes is cast, which indicates that there is some validity to the intuitions. However, more money as spent per elector in the Canadian 2011 general election than in the 2010 UK election (Table 5). This may be explained by many factors. The next two most obvious factors would be the length and predictability of the election season and amount and kind of public subsidies offered in each country.

<b>Table 5: The Cost of a Vote</b>			
<b>Election</b>	<b>Total Spent</b>	<b>Number of Votes Cast</b>	<b>Amount Spent Per Voter</b>
2012 US Election (Total)	\$ 2,776,569,055.00	130,306,739	\$ 21.31
2012 US Election (House)	\$ 1,109,013,161.00	130,306,739	\$ 8.51
2011 Canadian Election	\$ 67,348,040.64	14,823,408	\$ 4.54
2010 UK Election	\$ 17,283,480.49	29,594,591	\$ 0.58
These numbers were taken from the Elections Canada, FEC, opensecrets.org, and from the UK Electoral Commission.			

### ***Length and Predictability of the Election Season***

In simple terms, the definition of an election season is the span of time where candidates and/or parties campaign for office culminating in an election; there does not need to be a specified and legal beginning to the season, but many countries do regulate this. Partially as a result of these differing regulations, the actual length of the election season varies by country. One common determinant in the length of the season and the amount of regulations placed on when campaigning can occur is the “predictability” of when an election will occur. A “predictable” election season is one that occurs regularly and on a prearranged schedule. In this respect, the US has a predictable season while Canada and the UK have potentially unpredictable seasons because elections can be called before the mandated time limit for their respective House of Commons.

For the campaign finance regime, this has at least one expected result; a long election season and a predictable time table should allow and necessitate more money to be spent and raised while a shorter (potentially) unpredictable election season places a time constraint on the amount that can be spent and reduces the amount that can be and needs to be raised. The UK,

Canada, and the US each have different levels of predictability and campaign for different lengths of time: in the UK, there is a four week long campaign; in Canada, there is a minimum of a five week long elections season with an average season lasting 44 days in the last 10 years; and in the US, there is a permanent campaign with contributions being recorded in two yearlong election cycles. Of these three countries, the US has the most permanently stable electoral calendar, while both the UK and Canada have semi-stable electoral calendars. The reason they are classified as semi-stable is that they are both mandated to have an election at least every five years, but have the possibility of holding general elections before then. Intuitively this means that the most should be actually spent in US general elections, second most in Canadian general elections, and the least in UK general elections. As can be seen in table 6 below there is an observable pattern, or at least correlation, that affirms this intuition and reasonable expectation.

<b>Table 6: Expenditures Per Voter In Most Recent General Election</b>			
	<b>US 2012 Presidential Election</b>	<b>Canada 2011 General Election</b>	<b>UK 2010 General Election</b>
Total Expenditures per Voter	\$ 21.31	\$ 4.54	\$ 0.58
Non-Media Expenditures per Voter	\$ 14.43	\$ 2.37	\$ 0.48
These numbers were taken from the Elections Canada, FEC, opsensecrets.org, and from the UK Electoral Commission.			

An additional legal ramification differing lengths may have, is it may dictate in part what limits may be placed on candidates, parties and citizens – whether those limits are on how much and when someone or some group can contribute and how much and when parties may spend money on the election. Unfortunately for the purposes of comparison in this case, the three countries do not share a common practice of setting either or both caps on contributions and expenditures. In fact, of these three countries only Canada employs caps on both contributions

and expenditures. The United States has strict contribution limits for all individuals if giving to a candidate or party but not to an independent outside group such as a SuperPAC; the US does not have a spending limit.<sup>17</sup> The United Kingdom places expenditure limits on both parties and candidates during an election, but not on individual donors. This means that Canada can be compared to both countries. For means of comparison, it should be noted that both Canada and the United Kingdom record and regulate donations on an annual not biannual basis like the United States. Additionally, the United States regulates by election so the limits restart for the primary and general elections; there is an overall limit for each cycle.

<b>Table 7: 2013 Contribution and Expenditure Limits by Country</b>			
	<b>United States</b>	<b>Canada</b>	<b>United Kingdom</b>
Contribution Limit to Candidate	\$5200	\$1200	N/A
Contribution Limit to Party	\$64,800 (national) & \$20,00 (state/local)	\$1200	N/A
Expenditure Limit for Candidate	N/A	\$2.07 per elector for the first 15,000 + \$1.04 per elector for the next 10,000 + \$0.52 per each remaining elector	£7500 (\$11,847.46) + Constituent allowance
Expenditure Limit for Party	N/A	\$0.70 per elector	£30,000 (\$47,489.85) per contested race
These numbers were taken from the Elections Canada, FEC, opsensecrets.org, and from the UK Electoral Commission.			

If the intuition that longer campaigns necessitate more money, the caps on contributions and expenditures should reflect this: the US should have higher contribution limits than Canada; and Canada should have higher expenditure limits than the UK As can be seen in table 7 this holds true. The United States allows individuals to contribute more than Canada over an election

<sup>17</sup> There is a limit to how much presidential candidates may spend if, and only if, they accept and use public funds for their campaign.



cycle or a single year to both parties and candidates. Additionally, Canada has higher expenditure limits than the United Kingdom. This suggests that length of the season may influence the amount spent.

### ***Ratio of Public to Private Funds***

The third structural influence, which ties both previous influences together, is the division of public and private funds spent in an election on campaigning.<sup>18</sup> In all three countries public funding for national level election campaigns was introduced, in varying levels and ways, in the 1970s. Each cited curbing corruption, minimizing the effects of rocketing campaign costs, and increasing fairness in election as justifications. However, each country chose a different manner of attempting to affect this change within the limits of the driver of the campaigns and length of electoral season.

There are different types of public funding options: subsidies, reimbursements, matching funds, and allowances. Although the different types of funding have general definitions, they have specific meanings in the context of public funding. Subsidies are governmental assistance given to campaigns that defray the cost of material expenses. Generally this is done by ensuring political campaigns receive discounted television advertisement and airtime prices, providing for a set amount of advertisements either over the airwaves or via the mail, and/or through the free use of public space for campaign meetings. Reimbursements are after the fact payments that cover part or all of a candidate's or party's expenses. To qualify for a reimbursement parties or candidates may have to meet certain limits such as receiving a specific percentage of the vote. Matching funds are contributions from private citizens or groups that the government matches so

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<sup>18</sup> Electoral administration/procedural amounts are not included because all three countries employ the secret ballot and have governmental organizations overseeing the administration of the physical election and enforcing associated regulations, but they are not a part of the campaign expenditures for one party or another.

that each private contribution is worth more. Where matching funds are implemented, there is usually a limit to either how much campaigns can spend or to what point the government will match the funds. Additionally, US presidential matching funds also carry with them an expenditure limit for the campaign if accepted. Finally, there are allowances. Allowances are a set amount of money given to active parties and/or candidates for maintenance of their activities. What candidates and parties do in terms of fundraising and spending is affected by what kind of funding they receive from the government.

Both Canada and the UK subsidize television advertising and airtime. Canadian subsidies center on television advertising, while subsidies in the UK take a broader approach. Television advertising subsidies in Canada take the form of discounted advertising rates before the last four weeks of the election season. They divide 6.5 hours of “free” airtime on the major national stations between eligible parties in accordance with percentage of seats each party has in the House of Commons. While the UK also offers subsidized airtime for election advertising, they take a more holistic approach to subsidization. In addition to television advertising, the UK government offers free meeting space for campaign meetings and allows candidates to send one piece of campaign literature to every elector in their district for free. Canada and the UK offer these subsidies by including such things in the contracts of television stations who lease the airwaves. The US government also owns the air waves and leases them to various television stations. Although it does require broadcast stations to do public service broadcasting, part of which is offering candidates the lowest ad rate for a chosen time slot which independent groups cannot partake of, much more is spent on television advertising in the US than in either Canada or the UK. For example, in each country’s most recent election varying levels of funds were spent on advertising: in Canada \$32.17 million (2011, \$31.8 million: Elections Canada) by the

all parties, in the UK £2.97 million (2010, \$4.3 million: UK Electoral Commission) by all candidates, and in the US \$896.00 million ("Mad Money: TV ads in the 2012 presidential campaign") by the presidential candidates alone. The difference being that political ads fill the airways in the United States in the months and weeks leading up to an election while they take up a comparatively modest amount of time in the other countries. One reason for this is that Canadian and UK parties, candidates, and outside organizations are limited in the amount they can spend in an election cycle which in turn limits the amount they can spend on such advertising. Another reason that amounts spent on advertising in either the UK or Canada might be so much lower are limits on the amount of allotted subsidized time, while the US has not put in place such regulations. In sum, the limited subsidies in the UK and Canada seem to influence the amount spent on advertising and decrease the necessity of campaigns spending their funds on advertising by restricting the amount that can be spent. In the US these restrictions do not exist, allowing for more to be spent on such ads.

Like subsidies, the UK and Canada both utilize reimbursements, and like subsidies the US does not. Reimbursements defray the out of pocket expense and the need to raise funds for the election even though the money is not received until after the election is over. To receive a reimbursement in either country, the proper forms must be filled out if the candidate receives 10% or more of the popular vote. In Canada up to 60% of funds can be reimbursed to candidates. If a similar rule was established in the US then the national government would have had to pay at most \$1.88 billion in reimbursements in 2012, which is 60% of the official campaign expenditures for the Obama and Romney campaigns.

The major public funds the US does offer are matching funds for presidential nomination elections, a provided allowance for the national party conventions, and full funding for

presidential candidates in the general election if they choose to accept it. In the primary, matching funds are available. The national government matches up to \$250 of each contribution to an eligible candidate (member of a major political party), and each candidate must raise at least \$5000 in 20 states to receive the funds. Additionally, candidates must agree to a personal and campaign spending limit per state. In 2012, this limit was \$45.6 million, but no major candidates accepted funds. In 2008, this limit was \$42.05 million. For the general election, the nominee of each major party accepting public funds receives a grant of \$20 million plus a cost-of-living adjustment and cannot accept private donations for campaigning. In 2008, this was \$84.1 million. In 2012, this was \$91.2 million. Each major party may also receive \$4 million plus cost-of-living adjustments for its nominating convention. However, in 2012 neither party nominee, neither Mitt Romney nor President Barack Obama, accepted public funds. This was the first election since its introduction in 1976 that neither nominee used public funds.

When looking at the ratio or even existence of private and public funding for campaigns, it is important to understand who benefits from what type of funding. This could have important ramifications for what type of campaign finance regime is pushed for by individual politicians, groups and parties as a block. Ray La Raja emphasizes this in his book *Small Change*, where he highlights which factions within the parties and the parties themselves supported or opposed various campaign finance regulations. The reason for this is simple: public subsidies and strict expenditure limits favor some groups while reliance on private funding with few real limits aids a different set.

Traditionally public subsidies favor groups who are already flush with *other* resources. For example, the Democrats in the US and Labour in the UK both contain constituencies that are more likely to contribute their time (labor) instead of money. As a result, neither party needs

money, which could be used to hire canvassers, people to phone bank, or any number of other labor intensive campaign tasks, to the same extent as their opponents to execute their respective ground games during an election. In the United States, the Republicans have combatted this Democratic advantage by trying to activate their own constituency networks. In many cases, they do seem to have closed the gap or at least made some headway in doing so. (Beck January 14, 2013)

On the other hand, a heavier emphasis on and looser regulations surrounding private financing of campaigns traditionally favors individuals and parties whose main constituency would rather donate than knock on doors or who have fewer members who are more willing to donate. For example, when campaign costs began to skyrocket in the 1950s and 1960s, the Republican party was able to keep up with the costs because they were better at raising the increasing sums of money necessary to run a campaign. The Democrats in observing the Republican advantage sought to diminish their lead by changing their own fundraising strategies and introducing the 1972 FECA which introduced campaign expenditure limits. The Supreme Court later struck these limits down. Since then, the Democrats have been able to close the gap, at least in part (La Raja 2008).

Loose regulation of private campaign financing not only advantages one party over another, but also advantages the rich over the not so rich. Today in the US this is seen in Congressional policy production. In Larry Bartels' 2008 book *Unequal Democracy: The Political Economy of the New Gilded Age*, he shows that elected officials are more respondent to affluent constituents, who he classifies as those occupying either the top third or fifth income bracket, than poorer constituents. More recently, Bartels along with Benjamin Page and Jason Seawright wrote a paper discussing the bias in policy preferences in the top 1%--more

conservative than the average American—may account for the more conservative than average policies Congress has recently produced (2012). As highlighted by this research, the effects of a campaign finance regime may give rise to troubling concerns about the health of a country's democracy.

### ***Summary***

When examined holistically, all three influences work together within the existent framework to set identifiable boundaries for the campaign finance regime. The existence and extent of use of public funds for campaigns affect the amount needed to buy other campaign resources such as advertising time and meeting halls. Additionally, if the government provides concrete resources instead of money for campaigns, then the likelihood of restrictions placed on the procurement of those resources by candidates, parties, and outside organizations seemingly increases. While the introduction of public funds lowers the amount of money necessary to be spent in an election, it is not the only factor that sets limits. The size of electoral districts, measured by both population and physical size, and length of the official and unofficial campaign seasons influences the amount spent in elections and the limits set on either donations or expenditures. The structure of a campaign finance regime seems to rely on the structural framework and on boundary setting within that framework.

### **Implications of the Finance Regime**

While the impact of the regime framework and limits have been discussed solely in the context of the formation of the campaign finance regimes, they also may have implications for the function of a country's democracy; specifically in the generation of corruption. In the minds of many, money and wealth are seen as facilitators of corruption. This perception, and the impact of the popularization of this perception, can be seen in the justifications used by both US and

Canadian lawmakers when used in writing new regulations and in the courts when regulations are allowed to stand. Such people claim that they are aiming to limit existent or perceived corruption either in the electoral system or democracy as a whole. Corruption can occur at the individual or systemic level. At the systemic level, corruption can either mean mass corruption of individual politicians or a corruption of the democratic process.

Many, today and in previous decades, point towards the rising costs of an election as evidence of corruption, but rising costs in and of itself do not *necessarily* indicate corruption. They could simply indicate a rising cost of campaign materials such as air time or inflation. Additionally, some social scientists claim there is no need to worry about corruption at the macro scale until increases in expenditures from one cycle to the next outpace the growth of the economy (Ansolabehere 2007). In the United States, this has happened in recent years. In 2008, more money was spent than ever before on campaigns despite a contracting GDP. Regardless of what rising costs *actually* mean, they seem to inspire the perception of rising corruption in either or both the government or/and elections. As a result, perceptions of corruption in the populace have spurred legislators into trying to limit the increasing costs of elections.

Examples of this include the United States' Federal Elections Campaign Act (FECA) of 1971 and 1974. Legislators aimed at curtailing the skyrocketing costs of elections. At the time two reasons were cited for this: First, Democrats claimed to want to promote fairness in elections by ensuring that it would not require big money to be involved. Second, there were growing worries that the huge jump in expenditures may lead or may have already led to corruption of the system and officials. The first reason would be declared an unfit reason to curtail a citizen's right of freedom of speech. Additionally, voiced as such the first reason was most likely a barely hidden political maneuver by the Democrats to limit the monetary advantage of the Republicans.

The second reason, however, was recognized by the US Supreme Court as a just reason to place limitations on the constitutionally guaranteed right to freedom of speech where money spent in an election is an exercise of that right. At this time the perception of mass corruption was enough for politicians to pass the first FECA in 1971. The first major set of amendments took place after a demonstration of corruption at the federal level during the 1972 Nixon re-election campaign (La Raja 2008; Boatright 2011).

While the US wrote, debated, and then passed the FECA, Canadian officials, media, and individuals observed the difficulties that perceived and real corruption caused in the US and decided to take preemptive action against it. In 1974, Canada passed the Election Expenses Act. Almost thirty years later this occurred again when the Canada Election Act passed during heated debates over the influence of soft money in the US. Perceived corruption in a nearby democracy seemed to have spurred Canada to push through legislation designed to slow down increases in expenditures (Boatright 2011). Today rising expenditures in Canadian elections appears to have slowed—especially when compared to the US.

In the United States expenditures continue to increase faster than in the UK or Canada. This increase has induced perceptions of corruption once again, often fueled internationally rather than domestically. In the UK, minor election reforms have taken place every couple of years in the past decade to attempt to rectify the concern of distance and perceptions of corruption citizens have had. This has been highlighted by their reactions to a 2006 report on perceptions of campaign finance in the system. While the UK appears to be rectifying perceptions of corruption, the US seems to be ignoring them.

Internationally, newspaper after newspaper writes about how much money the US spends in elections. Canadian politicians point to the US as an example of how corrupt a system can



become. Still more questions are raised about why so much needs to be raised and spent. Implicitly the international community seems to be asking their readers whether or not the US system and politicians are corrupt. However, domestically there is little demand for reform. This raises an interesting problem for US politicians: do international perceptions of our electoral system matter? Depending on the answer to this question, the US may need to reevaluate its existent body of laws and regulations governing the campaign finance regime. The existent link between perceptions of corruption within the system, citizen trust of politicians, and campaign finance show that the campaign finance regime impacts far broader than simply election campaigns and outcomes in the system.

Regardless of whether international bafflement at the cost of US elections is legal justification to challenge previous court rulings, international skepticism should indicate that the US should reevaluate its current system. Questions should be raised. Does equating political spending to free speech preserve the principle of one person one vote, or violate it? Are corporations partaking in rent seeking behaviors through campaign contributions? Are the politicians corrupt? Is encouraging a campaign arms race responsible in a democracy? If the current system is perverting, how can it be fixed?

Some research has already been done on these questions. Larry Bartels and others have begun researching the effect big donors and affluent constituents versus poor constituents have on policy. They have found that those with money have a greater say in what laws are passed and what policies are enacted (Bartels 2008; Benjamin, Bartels, and Seawright 2013), thus suggesting those with money may have “more than one vote”. However, this is only a beginning. More needs to be done to appropriately evaluate the current situation.

## Conclusion

Campaign finance regimes in the United States, the United Kingdom, and Canada appear to be influenced by the existent political structures in each of the country. The two main ways this is done is by structuring the regulatory framework and influencing which limits on money in campaigns are set and how they are set. First, the regulatory framework was explored. Here it was shown that the structure of the various campaign finance regimes is determined by the number and relative importance of the offices and focal point of the campaign, whether it is candidates or parties. Second, limit setting was analyzed. Limits, while in part restrained by the country's constitution and how the courts interpret it, are influenced by the length of the election season, size of electoral districts, and reliance on or lack of public subsidies. Finally, potential implications of the regimes were discussed. The important point here is that perceptions of corruption stemming from perceptions of the state of campaign finance can diminish the trust of individuals in their institutions and in turn diminish the credibility of those institutions. This may also occur if politicians are perceived as spending more time raising money than being responsive to those who donate or their constituents.

While limiting the scope to a subset of Anglo-Saxon allowed the focus to be placed solely on the variation in campaign finance regimes, it does limit the scope and generalizability of this study, which could be broadened by examining more and different countries. In a future study, a greater number of countries and more variable countries should be included to identify what influences remain constant regardless of the structure of a given democracy. Additionally, future studies can build off the foundation this study provides by delving further into how and why regulations are passed and delineate whether changes to the regulatory system simply codify informal changes in the system or whether they actually change the regime. Despite its

limitations, this study does provide a unique perspective in the campaign finance literature and a stepping stone to further studies on the formation of campaign finance regimes.

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